

Issued under P.A. 281 of 1967. Filing is mandatory.

Attachment Sequence No. 01

▶ Primary Filer's Social Security Number

1.	Gross interest and dividends from obligations issued by states other than Michigan or their political subdivisions	1.	<div></div>	.00
2.	Deduction for taxes on, or measured by, income including self-employment tax taken on your federal return (see p. 15).....	2.	<div></div>	.00
3.	Gains from Michigan MI-1040D and MI-4797.....	3.	<div></div>	.00
4.	Losses attributable to other states (see p. 15)	4.	<div></div>	.00
5.	Net loss from federal column of your Michigan MI-1040D or MI-4797.....	5.	<div></div>	.00
6.	Other (see p. 15). Describe:	6.	<div></div>	.00
7.	Total additions. Add lines 1 through 6. Enter <i>here</i> and on MI-1040, line 11	7.	<div></div>	.00

8.	Income from U.S. government bonds and other U.S. obligations included in MI-1040, line 10	7
9.	Military pay from U.S. Armed Forces included in MI-1040, line 10 (attach W-2). (Include retirement pay on line 12 of this schedule)	6
10.	Gains from federal column of Michigan MI-1040D and MI-4797.....	5
11.	Income attributable to another state. Explain type and source:	4
12.	Retirement or pension benefits included in MI-1040, line 10. (Include military retirement here.) See exceptions, page 16. Name of payer:	3
13.	Dividend/interest/capital gains deduction for senior citizens (see p. 16)	2
14.	Social Security benefits from U.S. 1040, line 20b or U.S. 1040A, line 13b.....	1
15.	Income earned while a resident of a renaissance zone. Name of zone:	0
16.	Michigan state and local income tax refunds received in 1999 that are included in MI-1040, line 10.	9
17.	Miscellaneous subtractions (see p. 17). Describe:	8
18.	Total subtractions. Add lines 8 through 17. Enter here <i>and</i> on MI-1040, line 13.....	7

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EXAMPLE A: Computing pension deduction.

John and Karen Jones file jointly and received the following income during the 1999 tax year:

Michigan Public School Retirement System	\$12,000
Military Retirement Pay	\$ 8,000
General Motors Retirement Program	\$20,000
IRA Distribution	\$ 4,000

John and Karen are allowed to deduct the entire amount of pension income they receive from public/military retirement systems in determining Michigan taxable income. However, the maximum allowable private pension deduction must be reduced by the amount of public/military pension income claimed as a deduction.

Determining the private pension deduction:

Step 1: Add all public and military retirement benefits together. $\$12,000 + \$8,000 = \$20,000$

Step 2: Deduct the amount calculated in step 1 from \$68,340
(use \$34,170 if a single filer). $\$68,340 - \$20,000 = \$48,340$

Step 3: Combine the total amount of private pension income including IRAs. $\$20,000 + \$4,000 = \$24,000$

Step 4: Determine which is smaller: the amount computed in step 2 or step 3.

The \$24,000 from step 3 is smaller and is the allowable private pension deduction.

Step 5: Determine the total pension deduction by adding the amounts computed in step 1 and step 4.

Total public and military pension income	\$20,000
Total allowable private pension deduction	<u>24,000</u>
Total 1999 pension deduction. Enter on MI-1040 Schedule 1, line 12	\$44,000

EXAMPLE B: Senior Citizen Interest, Dividend, Capital Gains Deduction

Joe and Susan are both 67 and file jointly. They received the following income during the tax year 1999:

Capital Gains	\$10,000
Pension	\$ 2,000
Social Security	\$ 4,800
Dividends	\$ 500
Interest	\$ 2,000

They may deduct the \$2,000 pension on their MI-1040 and the senior citizen interest, dividend and capital gains income as shown in steps 1 through 3 below.

Determining the interest, dividend and capital gains deduction:

Step 1: Add all capital gains, dividends and interest income:

Capital Gains	\$10,000
Dividends	500
Interest	<u>2,000</u>
Total	\$12,500

Step 2: Subtract pension from the maximum capital gains, dividends and interest deduction of \$15,240 for joint filers (\$7,620 for single filers).

Maximum Deduction Amount	\$ 15,240
Less Pension Subtraction	<u>(2,000)</u>
Total	\$ 13,240

Step 3: Total interest, dividend and capital gains deduction is the smaller of the calculation from step 1 or step 2; \$12,500 is the allowable deduction. Enter this amount on MI-1040 Schedule 1, line 13.